

Message Text

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PAGE 01 BUDAPE 01699 011411Z

46

ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 COME-00 SP-03 AID-20 NSC-07

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03

CIAE-00 INR-10 NSAE-00 PRS-01 PA-04 USIA-15 SAJ-01

FRB-02 XMB-07 OPIC-12 LAB-06 SIL-01 DRC-01 /164 W

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R 011327Z JUL 74

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 1549

C O N F I D E N T I A L BUDAPEST 1699

E.O. 11652: GDS

TAGS: ETRD, BEXP, EFIN, HU

SUBJECT: CONVERSATION WITH DEPUTY FONMIN NAGY--
BUSINESS FACILITATION AND MFN

1. IN COURSE GENERAL CONVERSATION FOLLOWING EXCHANGE OF NOTES ON TRAVEL (BUDAPEST 1655) I TOLD NAGY THAT LATEST INFORMATION FROM WASHINGTON ON CONSIDERATION OF MFN SEEMED MORE OPTIMISTIC; IN ANY CASE I WAS CERTAIN NAGY REALIZED USG WAS DOING EVERYTHING POSSIBLE TO PUSH MFN TO SUCCESSFUL CONCLUSION. ON OTHER HAND I SAID I WAS CONCERNED THAT IN WAITING FOR MFN GOH MIGHT NOT KEEP PACE WITH USSR, WHERE OUR ECONOMIC RELATIONS WERE ALREADY ADVANCED, OR EVEN WITH OTHER EE'S, IN PROMOTING ECONOMIC TIES. I SAID I THOUGHT THAT IF GOH COULD MAKE CONCRETE STEP IN EITHER BUSINESS REPRESENTATION OR A JOINT VENTURE IN NEAR FUTURE IT WOULD HAVE A FAVORABLE IMPACT IN U.S. NOTED I HAD RECENTLY MADE SAME SUGGESTION TO DEPUTY PM HUSZAR.

3. NAGY REPLIED THAT SUCH STEPS NEEDED TO BE DECIDED IN TERMS OF BUSINESS POTENTIAL. A JOINT VENTURE IS ONLY POSSIBLE IF HUNGARIAN PARTY SEES A POTENTIAL FOR FINANCIAL GAIN; GOH CANNOT PRESSURE HUNGARIAN CONCERN INTO ACCEPTING AN UNSATISFACTORY BUSINESS DEAL. I NOTED THERE WAS ONE
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PAGE 02 BUDAPE 01699 011411Z

INSTANCE IN BOWMAR WHERE U.S. AND HUNGARIAN COMPANIES BOTH

WERE PREPARED TO GO AHEAD BUT GOH AGREEMENT NOT FORTHCOMING.
NAGY SAID THERE MUST HAVE BEEN SOME TECHNICAL PROBLEM, SINCE
NO POLICY DECISION HAD BEEN MADE.

4. ON REPRESENTATION OFFICES NAGY SAID INTERESTS OF HUNGARIAN
AGENCIES WHICH SERVE AS BUSINESS REPRESENTATIVES OF WESTERN
FIRMS HAD TO BE PROTECTED, AND SIZE OF BUSINESS CONDUCTED
HERE WOULD BE AN IMPORTANT FACTOR. I NOTED THAT DOW CHEMICAL
WOULD SEEM TO MEET THIS CRITERION. NAGY CONCLUDED THAT WHILE
OTHER SOCIALIST NATIONS MAY BE MOVING DIFFERENTLY IN THESE
AREAS, HUNGARY'S PRIMARY CONCERN HAD TO BE THE CONDITIONS
WHICH EXIST WITHIN HUNGARY. THEY WANTED TO MOVE CAREFULLY
AND SOUNDLY.

PEDERSEN

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